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Report of the Intergovernmental Group of Experts on E-commerce and the Digital Economy on its second session

Held at the Palais des Nations, Geneva, from 18 to 20 April 2018

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Introduction

The second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy was held at the Palais des Nations in Geneva, Switzerland, from 18 to 20 April 2018.

I. Action by the Intergovernmental Group of Experts on E-commerce and the Digital Economy

A. Fostering development gains from domestic and cross-border e-commerce in developing countries

Agreed policy recommendations

The Intergovernmental Group of Experts on E-commerce and the Digital Economy

Welcoming the written and oral contributions from participants that enriched the debate on the chosen topics for discussion,

Emphasizing the importance of electronic commerce (e-commerce) and the digital economy for sustainable and inclusive development,

Recognizing that current gaps in electronic trade readiness, between developed and developing countries as well as within countries, imply that benefits from e-commerce are not equally distributed and the need for adequate policy responses in this context,

Noting that digital economy and e-commerce platforms can create both opportunities and challenges for developing countries,

Recognizing the need to explore the possibility of fostering local e-commerce platforms in developing countries,

Noting with concern that access and effective use by microenterprises and small and medium-sized enterprises in developing countries of international e-commerce platforms remain challenging,

Recognizing that microenterprises and small and medium-sized enterprises in developing countries face many problems, including operational constraints when setting up online trade,

1. *Acknowledges* the need to maximize the benefits and address the challenges of e-commerce and the digital economy and that policymakers need to address multiple policy areas holistically, including those related to digital infrastructure, trade, competition, local content, consumer protection, data protection, electronic transactions, cybersecurity, online dispute settlement, taxation, linguistic diversity, education, skills development and labour;

2. *Encourages* Governments, where appropriate, to engage in a dialogue with all relevant stakeholders when formulating policies and regulations to help to ensure potential development gains from the growing use of digital platforms;

3. *Encourages* developing countries to seek to learn from the experiences of other economies in addressing relevant policy challenges, to avoid repeating mistakes and to benefit from good practices;

4. Taking note of the important role that local platforms can play in addressing local demands and responding to local circumstances, *encourages* collaboration between Governments and other relevant stakeholders towards creating an enabling environment for entrepreneurship and innovation, providing access to finance and technology for digital start-ups, generating awareness, building trust and fostering an enabling legal and policy environment;

5. *Takes note*, with a view to making local platforms in the least developed countries more robust and competitive, of the possibility of use of digital platform cooperatives using scarce resources to develop digital solutions, including with support from eTrade for all partners, for capacity-building;

6. Noting that unequal access to and effective use of international e-commerce platforms may be due to different factors (host or home country regulations, geographical constraints, corporate strategies and business environments), *encourages* Governments and other stakeholders to remove barriers that particularly developing countries are facing in this regard;

7. *Acknowledges* the importance of international discussion on how to enhance universal availability of interoperable payment systems and predictable and transparent business environments for interaction between platforms and businesses, while retaining safeguards for anti-money laundering;

8. *Encourages* the effective use of innovative technological and institutional solutions with a view to overcoming problems identified related to payments, physical addressing systems, export promotion and trade logistics;

9. Noting with concern remaining gender divides in the use of e-commerce and the digital economy, *urges* all stakeholders to give adequate attention to addressing specific challenges and fostering opportunities for women-led businesses related to trading online;

10. *Encourages*, emphasizing the differences in electronic trade readiness between urban and rural areas, development of dedicated efforts by Governments and development partners in making e-commerce viable in rural areas of developing countries, notably by ensuring the availability of electricity, mobile connectivity, road infrastructure and addressing systems;

11. *Calls on* Governments and development partners to enhance their efforts in building the capacity of small producers in developing countries to compete in export markets by trading online;

12. *Reiterates* the need for effective interaction between the Intergovernmental Group of Experts on E-commerce and the Digital Economy, the Intergovernmental Group of Experts on Consumer Protection Law and Policy and the Intergovernmental Group of Experts on Competition Law and Policy, with a view to reaping synergies and avoiding duplication;

13. *Encourages* the UNCTAD secretariat to explore opportunities for collaboration with the Technology Bank for the Least Developed Countries in the area of fostering increased electronic trade readiness in the least developed countries and seek to extend electronic trade readiness assessments for other developing countries.

Closing plenary meeting
20 April 2018

B. Working Group on Measuring E-commerce and the Digital Economy

Decision

The Intergovernmental Group of Experts on E-commerce and the Digital Economy, in view of the need for enhancing the availability of official statistics on e-commerce and the digital economy, especially in developing countries, in support of evidence-based policymaking:

1. Recommends to the Trade and Development Board the establishment of a Working Group on Measuring E-commerce and the Digital Economy, as described in document TD/B/EDE/2/3;

2. Requests that the UNCTAD secretariat prepare terms of reference for the new Working Group, based on the information contained in document TD/B/EDE/2/3, clarifying that its objective is to contribute to and advance cooperation on measuring e-commerce and the digital economy and that it will avoid duplication with other relevant, ongoing work.

Plenary meeting
20 April 2018

C. Other action taken by the Intergovernmental Group of Experts on E-commerce and the Digital Economy

Fostering development gains from domestic and cross-border e-commerce in developing countries

1. At its closing plenary meeting of its second session, on 20 April 2018, the Intergovernmental Group of Experts on E-commerce and the Digital Economy, in accordance with its terms of reference, adopted agreed policy recommendations (above) for the consideration of the Trade and Development Board at its sixty-fifth session in June 2018.

Working Group on Measuring E-commerce and the Digital Economy

2. At a plenary meeting, on 20 April 2018, following discussions, the Intergovernmental Group of Experts on E-commerce and the Digital Economy adopted a decision (above) on the agenda item, to be presented for the consideration of the Trade and Development Board at its sixty-fifth session in June 2018.

Provisional agenda for the third session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy

3. At its closing plenary meeting, on 20 April 2018, the Intergovernmental Group of Experts decided to defer a decision on its agenda item 5, topics and guiding questions for the provisional agenda of its third session, to the sixty-fifth session of the Trade and Development Board. The UNCTAD secretariat would send a call for proposals from member States on the agenda and guiding questions. The proposals received would be presented for consideration of the Board and a final version of the provisional agenda would be decided at the sixty-fifth session of the Board.

II. Chair's summary

A. Opening plenary

4. In her opening remarks, the Deputy Secretary-General of UNCTAD highlighted the focus of the second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy on digital platforms and e-commerce, following revelations on the use of data from some social media platforms to influence different processes in the economy and behaviour. The digital economy, including digital platforms, was evolving rapidly. It was both driven by and based on data. The implications of the digital economy went beyond online communications and trade. Growth in digital platforms was fastest in developing countries, many of which lacked adequate data protection laws. The second session of the Intergovernmental Group of Experts was an opportunity to propose concrete policy recommendations that could have a beneficial impact on the development of local and global digital platforms in developing countries. The policy recommendations should aim to improve the participation of small and medium-sized enterprises (SMEs) and women in the online economy.

5. The UNCTAD secretariat introduced the background document on fostering development gains from e-commerce and digital platforms (TD/B/EDE/2/2). In the context of continued growth in global e-commerce sales and online shoppers worldwide, including across borders, the e-commerce divide remained significant. Digital platforms played an increasing role as engines of e-commerce, but also presented several challenges. National or regional platforms could provide benefits, while tailored platforms had greater scope for success, as they targeted specific users. The main barrier to accessing international e-commerce platforms in developing countries was a lack of payment systems. An array of economic, sociopolitical and capacity barriers also meant that developing country SMEs were at risk of missing the opportunities offered by trading online. Finally, the four guiding questions to be considered were presented.

6. Many delegates welcomed the organization of UNCTAD E-commerce Week and acknowledged the need to deepen discussions on the development implications of digital trade, to ensure its inclusiveness and sustainability. Recognizing that digital platforms were the backbone of e-commerce and that they brought certain benefits for developing country consumers, several delegates also stressed that most of the value generated remained with digital platforms based in developed countries. Several delegates highlighted that least developed countries, landlocked developing countries and small island developing States deserved special attention, due to their geographical and resource constraints. Many delegates welcomed the UNCTAD rapid assessments on electronic trade readiness for least developed countries and requested that they should also be offered to other developing countries. A few delegates noted that e-commerce should bring an opportunity to boost intra-African trade, which was still very low.

7. Several delegates noted that, as the digital platform business model was based on data, data regulations to ensure privacy and consumer protection were crucial. Regulation was also deemed important with regard to cross-border e-commerce, online dispute resolution and digital authentication. Many delegates welcomed the session of the Intergovernmental Group of Experts as an opportunity to share experiences and best practices in relation to e-commerce and the digital economy. The outcome of discussions was expected to anticipate problems and propose solutions and implementation mechanisms.

B. Fostering development gains from domestic and cross-border e-commerce in developing countries

(Agenda item 3)

8. Under the agenda item, the Intergovernmental Group of Experts on E-commerce and the Digital Economy held four round-table discussions.

The role of digital platforms in e-commerce

9. Panellists for the first discussion comprised one academic expert each from the Department of Digital Humanities of King's College London and the Oxford Internet Institute.

10. One panellist explained the nature of digital platforms and their disruptive business model, designed specifically to capture and control data. A distinction was made between advertising platforms, cloud platforms, product platforms and lean platforms. The panellist questioned the sustainability of advertising and lean platforms, as their revenue sources were either under pressure from regulations on data protection or they were not making profits. Responses would need to cover: competition policy, to counter their monopolistic tendencies and allow for maximizing the benefits of platform monopolies, while minimizing their negative impacts; industrial policy, to support sustainable local platforms and foster innovation; trade policy, for appropriate data-sharing arrangements between countries; and privacy policy, to allow for collective use of data while maintaining individual privacy.

11. Another panellist discussed the implications of digital platforms for labour markets. Continued growth in the supply of workers, mostly from lower-middle income populations, was leading to a labour surplus. Increased connectivity and the break-up of global value chains into discretionary tasks had allowed people worldwide to look for work outside their own countries. However, most demand for cloud workers had so far been concentrated in wealthy countries and in India. The imbalance in demand for and supply of digital microwork was resulting in the weak bargaining power of workers and an increased risk of a race to the bottom in terms of working conditions and remuneration. Moreover, research had revealed that digital work was being treated as a commodity and could end up resourced under ever more unfavourable conditions. The panellist also highlighted the need to upgrade skills. In that context, employers in developed countries were using resources from developing countries without leaving much return behind. Strategies to ensure inclusive economic development included platform cooperatives, regulation and labour rights strategies to organize workers in the digital economy. A fair work foundation project, piloted in India and South Africa, was a possible solution to reducing the opacity of value chains for cloud work that should provide certification for good labour standards, considering different work-related dimensions, namely pay, conditions, contracts, communications, management, governance, use of data and representation.

12. During the ensuing discussion, many delegates expressed concerns about which models for digital platforms would be more sustainable and how countries could guarantee workers' rights, while increasing employment, optimizing tax collection, protecting national data and getting a larger share of the benefits from digital platforms. Concerns were raised about the difficulties for many countries, particularly the least developed countries, to tackle the significant digital infrastructure divides and the monopoly power of some digital platforms. Competition issues and the participation of SMEs from developing countries in digital platforms were also concerns. One delegate emphasized that it was important to differentiate between the efficiency and productivity benefits from digital platforms for users, SMEs and Governments in developing countries and the benefits for the digital platforms that developed, managed and distributed technology. Benefits tended to be concentrated in the latter group. There was also the fallacy of composition risk, as more and more sellers were trading online. The digital economy should not be seen as a panacea. Many delegates agreed that it was important to ensure that the digital economy provided opportunities for sustainable and inclusive development.

13. The panellists noted that cloud platforms held an interest for developing countries, as they entailed infrastructure improvements and access to goods and services, while product platforms could do better in economies with strong domestic demand. Developing countries could also find ways to ensure that lean platforms benefited local communities and workers, rather than exploiting them. Some representatives of civil society saw UNCTAD as the best forum for countries to continue discussing the development implications of digital platforms and e-commerce.

14. Participants agreed broadly that Governments needed to review their laws and regulations, which were often not fit for purpose in the digital economy. They should help build the collective bargaining power of cloud workers. On data protection, there were lessons to be learned from initiatives taking place in developed countries. The panellists suggested that the General Data Protection Regulation 2016/679 of the European Union could be a good basis for building a data protection framework in non-European Union countries. As a possible solution to improving the distribution of value from digital platforms, one panellist called for a national data fund that could collect certain types of data that could be used by the private sector against a fee. Regional investment funds could also support regional platforms with a long-term vision. In addition, Governments could protect local industry from unfair competition by global players and strengthen the competitive advantage of local industries in local markets.

How to foster local platforms in developing countries for domestic and cross-border e-commerce

15. The second panel comprised the General Manager of Ringier Africa AG, a manager for government relations and public policy at Mercado Libre and the Co-Founder and Director of India Mart. The discussion centred around the first guiding question for the second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy, on how developing countries could foster local platforms for domestic and cross-border e-commerce.

16. One panellist emphasized the explosion of mobile Internet use in Africa, especially by young people. He highlighted that Internet and social media penetration rates continued to grow rapidly, with the proliferation of inexpensive devices and reduced mobile data costs. Users were open to online opportunities to cover basic needs and desires. However, weak underlying infrastructure did not support large-scale local updates, and there were challenges related to payments and logistics. Corporations lagged behind in data sophistication, availability of technology and tracking, but they naturally embraced the newest forms of digital advertising and other forms of digitalization. The panellist also emphasized that there was little funding for the ecosystem to seize all opportunities and foster more digital entrepreneurship. It was crucial for countries to learn from international best practices and to understand the opportunities offered by e-commerce and the digital economy, for example, by looking at large domestic markets or to well-positioned regional hubs. Ease of doing business and the need to attract international investors were important factors to consider.

17. Another panellist underlined the importance of mobile connectivity to foster e-commerce in Latin America, which was helping to reach populations in remote areas. Mobile connectivity was currently responsible for more than half of all online sales in the region. Growth in e-commerce was expected to continue. The panellist highlighted the importance of foreign investment during the initial stages of digital platform development in developing countries, as profitability might be achieved only after some years. It was also important to diversify business models, to maximize the user experience through integrated solutions, including payments, financing and shipping services. Policy issues that needed to be discussed included principles and flexibility to build a framework based on principles that would remain applicable over time and foster innovation, net neutrality, data privacy, data flows, standardization, intermediary liability, entrepreneurship, local content, financial inclusion, taxation and logistics.

18. Another panellist articulated key components of digital platform development, focusing on India. The availability of high quality Internet at an affordable price, as well as the availability of data at a low cost, enabled the development of digital platforms. Factors driving the adoption of digital platforms were the information and content provided by the platforms, government actions related to compliance and tax, and the availability of payment, financial and receipt systems. In that context, the availability of skilled staff resources, capital and infrastructure were supporting determinants. Players in e-commerce, together with national regulatory bodies, were the main stakeholders fostering e-commerce development. The panellist identified the core operational constraints for SMEs willing to trade online, such as the set-up of a digital platform itself, the set-up of a team, fear of an unknown new field and, particularly in India, a "do-it-for-me" mindset. Common barriers to e-commerce were unavailability of data, payment and logistics infrastructure and low Internet penetration and use. In order to overcome those barriers, there was a need for different stakeholders to collaborate, including with industry associations, e-commerce players and regulators.

19. During the discussions, delegates shared experiences regarding the development of e-commerce platforms and related challenges. Many delegates mentioned the lack of appropriate infrastructure (such as fixed or mobile broadband connectivity), relevant skills *to operate a platform, reliable delivery* services and funding as barriers to e-commerce development. There were problems of awareness and cultural barriers. There was also a need to increase finance to improve the physical infrastructure and to assist entrepreneurs and SMEs to expand their digital businesses. Funding to SMEs typically came from private investors. However, in specific cases, Governments were proactive in sustaining innovation

and promoting new technologies and businesses. One delegate highlighted the impact of platforms on the trade balances of the least developed countries, as e-commerce led mostly to increased imports. International cooperation was needed to foster development of e-commerce. While development of local digital platforms was important, collaboration with major international players was seen as a way to attract know-how and enhance market access.

20. Several delegates emphasized data protection and cybercrime regulations. The absence of data protection and cybercrime laws affected the confidence of the business community and consumers. Despite efforts at the global level, many developing countries had not yet adopted such regulations. Digital players had to be protected from becoming victims of cybercrime, and local approaches might not suffice. Sharing of international best practices was important. A few delegates and representatives of civil society stressed the relevance of localization of data in countries for better control at the local level, instead of focusing only on the free flow of data. However, one panellist pointed to the cost of fractioning of data, highlighting that keeping data in many locations was costlier for users and less efficient. A few delegates called for regulations to protect local digital platforms from major international players. One panellist indicated that it would be preferable to have national policies that empowered local digital platforms to become competitive. The importance of local content was also highlighted.

21. A few delegates stressed the need to reduce the rural–urban e-commerce divide through the development of new technologies and digital platforms. One panellist highlighted that rural areas had recently benefited from e-commerce, through a more open market with a larger range of goods and services available, and through online sales of products typical of particular rural areas. However, rural enterprises needed a strong value proposition for their products to succeed online.

How to overcome existing barriers related to international e-commerce platforms that developing countries, including the least developed countries, face

22. Panellists for the third discussion centred around the second guiding question for the second session of the Intergovernmental Group of Experts, on what the existing barriers related to international e-commerce platforms were that developing countries, including the least developed countries, faced and how the barriers could be overcome. The panel comprised the Director of Global Public Policy at eBay, the Head of Risk and Compliance of E-residency of Estonia, the Public Policy Counsel for Trade and International Relations at Google and the Vice-President of Global Initiatives at Alibaba.

23. One panellist highlighted that digital platforms could unlock opportunities for small businesses and entrepreneurs across the globe, regardless of geographic location or level of socioeconomic development in the country or region in which the seller resided. Digital platforms were empowering people in developing countries to establish e-commerce businesses as a source of employment and income, enabling access to neighbouring and overseas markets and allowing small businesses to grow. Access to eBay was limited due to regulations in some countries. At the same time, important barriers to effective use of the eBay platform included lack of adequate and affordable Internet connectivity, unavailability of payment solutions and inefficient fulfilment and weak delivery services. The panellist noted the importance of customized experiences for consumers, including localization of the platform user interface and customized delivery solutions. Companies or individuals using the eBay platform sold their products through an average of nine different versions of the localized eBay website, which allowed entrepreneurs to expand into new markets. A study of Latin American countries showed that more than half of eBay sellers reached customers in four or more continents.

24. Another panellist noted that the E-residency programme, run by the Government of Estonia, helped entrepreneurs to access global online markets. Enabled by a digital identification, the programme provided entrepreneurs in developing countries and least developed countries with access to the European Union business environment, including financial services and international payment platforms, as well as readily available support services in accounting, taxation and law. Challenges of the programme, which were relevant to other international digital platforms, included inadequate or expensive Internet

access; lack of business skills and knowledge of English; limited exposure to or awareness of relevant rules and regulations; and underdeveloped logistics systems.

25. Another panellist emphasized the potential of the Internet to create new opportunities for people around the world and to make trade more inclusive. Enabling individuals to access digital platforms and engage with others would not only create new jobs, but also lead to the development of content that was sensitive to the needs and preferences of local communities. More attractive and responsive local content would in turn lead to higher rates of Internet adoption in those markets, spurring a virtuous cycle of local content creation and Internet uptake. Although the entry barrier to becoming a developer of applications was relatively low, further development of knowledge and skills in the area was needed in developing countries and least developed countries. There were challenges related to providing payments to developers of applications, between and within countries, and compliance with tax authorities, central banks and regulatory authorities across countries and regions was a time-consuming process.

26. The last panellist emphasized the key role of e-commerce in promoting sustainable development and the importance of public–private partnerships in enabling entrepreneurs and microenterprises and SMEs to build new digital platforms, create new jobs and increase financial inclusion. Though global platforms, such as Alibaba, had allowed small businesses to connect to the global economy and increased financial inclusion, continued investments in capacity-building in developing countries and the least developed countries was still needed. Of relevance was the eFounders initiative, jointly organized by Alibaba and UNCTAD.

27. During the ensuing discussion, delegates shared experiences related to the use of global e-commerce platforms. There was broad consensus that, though the Internet could be a great equalizer within and between countries and e-commerce was a potential driver of sustainable and inclusive development, the localization of digital platforms and content was key to unlocking demand in developing countries. While there were different avenues for pursuing that aim, an important strategy for stimulating demand in local markets was meeting the needs and preferences of local communities, including in terms of languages. Some delegates noted that developing countries also needed to examine ways in which local digital platforms could expand globally into new markets and recognized the importance of access to data to facilitate the process.

28. Several delegates highlighted various persistent barriers to e-commerce, including restrictions that prevented some international e-commerce platforms to offer services in some countries; lack of appropriate information and communications technology (ICT) literacy in the population, small business owners and entrepreneurs; inadequate ICT infrastructure; disparate rules and regulations across countries and regions; lack of consumer protection bodies or laws in some countries; and cultural and psychosocial barriers. Several delegates noted the important distinction between accessing international e-commerce platforms and using them effectively. For example, companies from developing countries acting as sellers faced challenges in accessing global digital platforms. In that context, cross-border payment was a significant barrier to effective use of international e-commerce platforms, with some payment solutions, such as Paypal, not accessible in most least developed countries. Some delegates raised concerns about the asymmetry of benefits accrued from international e-commerce platforms, as network effects tended to benefit particularly the digital platform owner, while there were decreasing marginal benefits for existing and new digital platform users as usage expanded.

29. On issues related to the use, transfer, protection and portability of data, several delegates recognized that they were complex issues and called for further examination in international forums, including UNCTAD. Some progress had been achieved in terms of providing consumers with greater control over their personal data. However, rules and regulations, including those related to intermediary liability, had not kept pace with the evolving digital economy and more discussion was needed, particularly as different Governments and entities were taking dissimilar approaches. Some delegations emphasized the use of localization requirements for data, although this was a complex and multifaceted issue, with both potential benefits and drawbacks. While localization requirements should

aim to provide security and guard against intrusions, they should avoid putting local firms at a competitive disadvantage.

30. Several delegates emphasized that addressing barriers to the effective use of international e-commerce platforms would require appropriate public policy sequencing, supportive macroeconomic and monetary policies, and investments from the international community. It was important to create an e-commerce environment that could instil user trust and incentivize more people to use digital platforms. There was also a need for a predictable legal environment across countries and regions to support cross-border e-commerce and drive innovation. There was agreement that there was no one-size-fits-all policy approach to regulating and fostering digital platforms; policies and regulations needed to reflect local circumstances. A few delegations, civil society organizations and one panellist highlighted the need for international rules to provide sufficient policy space to allow the development of local entrepreneurship and content. Given the persistent gender gap in the digital economy, several delegates stressed the importance of supporting women and girls through investment, training and capacity development.

How to overcome operational constraints that small and medium-sized businesses in developing countries face when setting up trade online

31. The fourth panel comprised a Senior Adviser on International Marketing and Branding at the International Trade Centre, the Founder and Chief Executive Officer of the Nextrade Group and a Professor at Strathmore Business School in Nairobi. The fourth discussion centred around the third guiding question for the second session of the Intergovernmental Group of Experts, on what were some of the operational constraints that small and medium-sized businesses in developing countries faced when setting up trade online and how they could be overcome.

32. One panellist discussed constraints that SMEs typically faced when attempting to conduct e-commerce, such as inadequate payment solutions, unreliable and costly logistics services, lack of awareness and access to appropriate technologies, weak skills and a limited ability to overcome legal and regulatory barriers. He shared details about International Trade Centre initiatives to help countries overcome those constraints, such as a project to develop a logistics strategy and order fulfilment and delivery infrastructure in Rwanda, implemented with DHL. Accessibility of information, customer service, transparency (pricing, warranty and customer ratings), exchange and refund policies, as well as reliable delivery, were all essential success factors.

33. Another panellist shared recent research on effective policy solutions to encourage SMEs in developing countries to leverage platforms for cross-border e-commerce. Online sellers were likelier to export and tended to exhibit higher growth rates. Developing country sellers were particularly likely to use digital platforms to export and exported to many markets. However, developing-country sellers' use of digital platforms was generally still low. The research covered a mapping of 60 policy drivers and innovations to create a policy road map for supporting SMEs to sell online and use platforms focused on six policy areas: digital regulations, payment regulations, digital infrastructure, e-commerce logistics and trade facilitation, SME e-commerce export promotion and SME finance. (The UNCTAD eTrade for all initiative addressed the same areas.) Overall, developed countries displayed higher policy coverage, and countries with high policy coverage also had more trade on digital platforms. There was a need to assess e-commerce policy implementation, as laws and policies in themselves were not silver bullets; they needed to be implemented effectively to ensure impact. Moreover, policies should be applied sequentially, addressing the basics first before moving to scale and growth.

34. Another panellist emphasized the diversity of economic and technological maturity in Africa and cautioned against considering Africa as a homogenous place. There was growing literacy in ICT and innovation related to digital platforms, driven mainly by innovation hubs in countries such as Kenya, Nigeria and South Africa. Within those hubs, the focus had shifted away from being primarily on social media to a focus on use of the Internet as a business tool. Digital platforms were driving private sector and trade activity. Challenges faced by digital platforms for cross-border and international activity included

different and incompatible regulatory frameworks across Africa (regional blocks), difficulties in international banking regulations, exclusion from international e-marketplaces, inexperience with sales tax and import duties, fiscal and legal requirements and compliance in target markets. Moreover, sociopolitical barriers included lack of an entrepreneurship and innovation culture and barrier related to doing business and to government regulations or a lack of them, in addition to the overall infrastructure challenges of electricity, roads and physical addressing. Interventions were needed to build synergies with all stakeholders concerned, for institutional capacity-building, improving logistics and providing necessary regulations. The actions of different ministries in Governments needed to be coordinated. The panellist emphasized the importance of focusing on gender and youth as future drivers of online businesses, as well as anchoring e-commerce in national sectoral development strategies.

35. During the discussion, delegates and representatives of civil society organizations echoed broad agreement on three themes: (a) aligning regulations and improving hard and soft infrastructure, ranging from Internet connectivity to payment systems and physical addressing; (b) mainstreaming gender and youth involvement in e-commerce; and (c) improving interoperability across a variety of technical areas, including payments. Supporting enterprises owned and operated by women in e-commerce emerged as an important theme. Gender mainstreaming in e-commerce was not only important from a human development perspective, but also made for smart economic' and served as a driver for poverty alleviation. One delegate raised the concern that the growth of e-commerce was translating mostly into increased imports in his country. Many delegates recommended building consensus on the interoperability of laws and regulations so that a common understanding and regulatory landscape could emerge. Delegates and panellists called for innovative solutions to pervasive challenges, such as physical addressing and weak Internet connectivity. A few delegates highlighted the potential role of digital cooperatives to address e-commerce challenges.

36. Summarizing the discussion, the UNCTAD secretariat noted that e-commerce was not a goal in itself. The focus should be on enhancing the preparedness of stakeholders to take advantage of digitalization for the broader goals of economic and social development. In that regard, the UNCTAD eTrade for all platform and the electronic trade readiness assessments offered valuable support. A number of delegates expressed appreciation for the electronic trade readiness assessments and recognized the need to scale up support for e-commerce, both in-country and through various international initiatives.

C. Working Group on Measuring E-commerce and the Digital Economy

(Agenda item 4)

37. The UNCTAD secretariat presented the concept note on the creation of a Working Group on Measuring E-commerce and the Digital Economy (TD/B/EDE/2/3). The need for better, more credible and internationally comparable statistics on e-commerce and the digital economy was essential to enable countries to engage in evidence-based policymaking and to monitor policies for achieving the Sustainable Development Goals. The main role of the proposed working group would be to support discussions of and report to the Intergovernmental Group of Experts on E-commerce and the Digital Economy; focus on e-commerce and the digital economy; complement the work of other international organizations, working in collaboration and avoiding duplication of efforts; and help strengthen UNCTAD research, capacity-building and consensus-building work.

38. The secretariat also presented the six possible outputs and activities of the proposed working group and the suggested practical arrangements, as outlined in the concept note. In addition to the suggested yearly meeting of the proposed working group, the secretariat also suggested that the working group meeting could take place back-to-back with relevant expert groups on measuring ICT. The ICT Policy Section and the Development Statistics and Information Branch, respectively of the Division on Technology and Logistics and the Division on Globalization and Development Strategies of UNCTAD, could service the meeting jointly. Establishment of the proposed working group would require extrabudgetary resources of approximately $318,000 per year.

39. The President (Argentina) of the Group of 20 highlighted a comprehensive programme on the digital economy which had been initiated in 2015 under the then President (Turkey) and continued in 2016 under the then President (China), with a decision to create a Digital Economy Task Force. Under the President (Germany) of the Group of 20 in 2017, leaders had developed a road map for the Digital Economy Task Force. In 2018, the President (Argentina) had started working in five priority areas of the road map, one of which was the creation of a toolkit to measure the digital economy. The focus of the Group of 20 on the digital economy was a continued effort which would be sustained in future years. She welcomed the work of UNCTAD on measuring e-commerce and the digital economy, as well as UNCTAD contributions to the Group of 20 toolkit to measure the digital economy, particularly to ensure that the perspective of developing countries was taken into account. The toolkit would identify data challenges and gaps among Group of 20 members, as well as highlight national and international initiatives on measuring e-commerce and digital trade. The Government of Argentina was also supporting several national and regional initiatives to produce better data. In that context, Argentina welcomed the creation of the proposed working group, as well as the opportunity to discuss measurement more widely and in a development context.

40. A representative of Lirne Asia, a think tank, presented a review of data collected for 20 developing countries under the "After Access" project, based on nationally representative surveys on ICT access and use by households and individuals. Results uncovered relevant policy findings, such as the persistence of gender and urban–rural digital divides; identification of main barriers for Internet usage, such as cost, limited speed, lack of trust and very limited ownership of bank accounts. The survey also covered the use of mobile money, as well as of e-commerce platforms. Lack of skills was the main barrier for people in developing countries to buying and selling online.

41. During the discussions, representatives of delegations and of civil society organizations highlighted the need for more, better and accurate and comparable data on e-commerce and the digital economy. There was broad support for the creation of the proposed working group and confirmation of a growing demand for better data for evidence-based policymaking. Several questions were raised on the need to have focused outputs from the proposed working group; ensure that national statistical institutions would have a role to play; ensure there was no duplication of efforts and that the work of other international organizations would be fully taken into account; coordinate in-house efforts with other statistical capacity-building efforts; ensure synergies with the Intergovernmental Group of Experts; and help identify good practices so that countries could learn from each other.

III. Organizational matters

A. Election of officers

(Agenda item 1)

42. At its opening plenary, on 18 April 2018, the Intergovernmental Group of Experts on E-commerce and the Digital Economy elected Mr. Azar Bayramov (Azerbaijan) Chair and Ms. Debora Ponce (Guatemala) Vice-Chair-cum-Rapporteur at its second session.

B. Adoption of the agenda and organization of work

(Agenda item 2)

43. Also at its opening plenary, the Intergovernmental Group of Experts on E-commerce and the Digital Economy adopted the provisional agenda for the session, as contained in document TD/B/EDE/2/1. The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work

3. Fostering development gains from domestic and cross-border e-commerce in developing countries

4. Working Group on Measuring E-commerce and the Digital Economy

5. Provisional agenda for the third session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy

6. Adoption of the report of the second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy.

C. Adoption of the report of the second session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy

(Agenda item 6)

11. At its closing plenary meeting, the Intergovernmental Group of Experts authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report on its second session after the conclusion of the meeting.

Annex

Attendance*

1. Representatives of the following States members of UNCTAD attended the session:

Afghanistan
Albania
Algeria
Argentina
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Benin
Bhutan
Bolivia (Plurinational State of)
Botswana
Brazil
Bulgaria
Burkina Faso
Cambodia
Canada
China
Colombia
Congo
Costa Rica
Côte d'Ivoire
Croatia
Cyprus
Czechia
Democratic Republic of the Congo
Egypt
Estonia
Finland
France
Gabon
Germany
Guatemala
Guinea
Honduras
India
Indonesia
Iran (Islamic Republic of)
Iraq
Japan
Kazakhstan
Kenya
Kuwait
Lao People's Democratic Republic
Latvia
Lesotho
Liberia
Lithuania
Madagascar
Malawi
Malaysia
Mexico
Montenegro
Morocco
Myanmar
Nepal
Netherlands
Nigeria
Oman
Pakistan
Paraguay
Peru
Philippines
Poland
Portugal
Republic of Korea
Republic of Moldova
Romania
Russian Federation
Rwanda
Saudi Arabia
Senegal
Serbia
Singapore
Slovakia
Slovenia
Solomon Islands
South Africa
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Thailand
Togo
Tunisia
Turkey
Uganda
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Zambia
Zimbabwe

* This attendance list contains registered participants. For the list of participants, see TD/B/EDE/2/INF.1.

2. Representatives of the following member of the Conference attended the session:

Holy See

3. Representatives of the following non-member observer State attended the session:

State of Palestine

4. The following intergovernmental organizations were represented at the session:

African Union
African, Caribbean and Pacific Group of States
Commonwealth Secretariat
Cooperation Council for the Arab States of the Gulf
Customs Cooperation Council
Eurasian Economic Commission
European Union
Organization for Economic Cooperation and Development
Organisation internationale de la francophonie
Organization of Islamic Cooperation
Pacific Islands Forum Secretariat
South Centre
West African Economic and Monetary Union

5. The following United Nations organs, bodies and programmes were represented at the session:

Economic Commission for Africa
Economic Commission for Europe
International Trade Centre
Office for the Coordination of Humanitarian Affairs
Office of the United Nations High Commissioner for Human Rights
United Nations Children's Fund
United Nations Development Programme
United Nations Environment Programme
United Nations Office at Geneva
United Nations Office at Vienna
United Nations Office for Project Services
World Food Programme

6. The following specialized agencies and related organizations were represented at the session:

Food and Agriculture Organization of the United Nations
International Labour Organization
International Telecommunication Union
United Nations Industrial Development Organization
Universal Postal Union
World Bank Group
World Intellectual Property Organization
World Trade Organization

7. The following non-governmental organizations were represented at the session:

General category

All India Association of Industries
Center for Economic and Policy Research
Consumer Unity and Trust Society International
Consumers International
Engineers of the World
Global Express Association
International Centre for Trade and Sustainable Development
International Chamber of Commerce

International Network for Standardization of Higher Education Degrees
Organisation Camerounaise de Promotion de la Coopération Économique Internationale
Public Citizen
Third World Network
Village Suisse ONG

Special category

International Air Transport Association
International Federation of Freight Forwarders Associations